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RURAL AND URBAN ELECTRIFICATION

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Electrification #x101#2
Rural electrification #x101#2 Loans, Ameri. #2

Agreement Between the
UNITED STATES OF AMERICA
and JORDAN

Signed at Amman September 21, 1977

NOTE BY THE DEPARTMENT OF STATE

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JORDAN

Rural and Urban Electrification

Agreement signed at Amman September 21, 1977;
Entered into force September 21, 1977.

A.I.D. Loan Number: 278-k-020

Project Number: 278-0209

PROJECT

LOAN AGREEMENT

BETWEEN

THE HASHEMITE KINGDOM OF JORDAN

and

THE UNITED STATES OF AMERICA

for

RURAL AND URBAN ELECTRIFICATION

Dated SEP 21 1977

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[1] Not printed herein. The annex is deposited in the archives of the Department of State where it is available for reference.

Project Loan Agreement

Dated: , 1977

Between

The Hashemite Kingdom of Jordan ("Borrower")

And

The United States of America, acting through the Agency for International Development ("A.I.D.")

ARTICLE I

The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Borrower of the Project described below, and with respect to the financing of the Project by the Parties.

ARTICLE II

The Project

SECTION 2.1. Definition of Project. The Project will consists of assisting the Borrower in providing electricity to approximately 35 villages in the rural vicinity of Amman and two areas in suburban Amman and to upgrade the existing urban Systems. Annex 1, attached, amplifies the above definition of the Project.

Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 9.3, without formal amendment of this Agreement.

ARTICLE III

Financing

SECTION 3.1. The Loan. To assist the Borrower to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended,[1] agrees to lend the Borrower under the terms of this Agreement not to exceed Nine Million United States ("U.S.") dollars ($9,000,000) ("Loan"). The aggregate amount of disbursements under the Loan is referred to as "Principal". The Loan may be used to finance foreign exchange costs, as defined in Section 7.1, and local currency costs, as defined in Section 7.2, of goods and services required for the Project.

SECTION 3.2. Borrower Resources for the Project.

(a) The Borrower agrees to provide or cause to be provided for the Project all funds, in addition to the Loan, and all other resources required to carry out the Project effectively and in a timely manner.

[1] 75 Stat. 424; 22 U.S.C. § 2151 note.

(b) Borrower will undertake to assure that all funds required for the Project over and above the funds to be made available from the Loan, will be provided by the Jordan Electric Power Company (JEPCO). It is estimated that this amount will be approximately U.S. $ 5,500,000 including costs borne on an inkind basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is December 31, 1980, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under this Loan will have been performed and all goods financed under the Loan will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Loan for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1 no later than Thirteen (13) months following the PACD, or such other period as A.I.D. agrees in writing. After such period, A.I.D., giving notice in writing to the Borrower, may at any time or times reduce the amount of the Loan by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

ARTICLE IV

Loan Terms

SECTION 4.1. Interest. The Borrower will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 8.5)

of each respective disbursement, and will be payable semiannually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

SECTION 4.2. Repayment. The Borrower will repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

SECTION 4.3. Application, Currency, and Place of Payment. All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller Office of

Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

SECTION 4.4. Prepayment. Upon payment of all interest and any refunds then due, the Borrower may repay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

SECTION 4.5. Renegotiation of Terms.

(a) The Borrower and A.I.D. agree to negotiate, at such time or times as either may request an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of the Hashemite Kingdom of Jordan, which enable the Borrower to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to Section 9.2, and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to Section 9.2, the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of Borrower's representative in Jordan.

SECTION 4.6. Termination on Full Payment. Upon payment in full of the principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

ARTICLE V

Conditions Precedent to Disbursement

SECTION 5.1. First Disbursement. Prior to the first disbursement under the Loan, or to the issuance

by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance acceptable to A.I.D.:

(a) An opinion of counsel that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;

(b) A statement of the name of the person holding or acting in the office of the Borrower specified in Section 9.3, and of any additional representatives, together with a specimen signature of each person specified in such statement;

SECTION 5.2. Additional Disbursement for Equipment and Materials. Prior to disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for materials and equipment, the Borrower will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance acceptable to A.I.D.:

(a) Evidence of the arrangement between the Borrower and the Jordan Electricity Authority (JEA) making the proceeds of this Loan available to the JEA and authorizing JEA to make the proceeds of this Loan available to the Jordan Electric Power Company (JEPCO) for the Project.

(b) Evidence of the arrangement between the JEA and JEPCO making the proceeds of this Loan available to the JEA for the Project.

(c) Plans for the preparation of detailed layouts of primary and secondary distribution lines; equipment and materials lists; bidding documents, including technical specifications, for the procurement of equipment and materials; and warehousing and inventory control procedures.

(d) Such other evidence or documents as A.I.D. may reasonably require.

SECTION 5.3. Additional Disbursements for Construction and Erection. Prior to disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for construction and erection services, the Borrower will, except as the Parties may

otherwise agree in writing, furnish to A.I.D. in form and substance acceptable to A.I.D:

(a) A plan and schedule of construction, erection and installation and timetables for the utilization of all procurement items.

(b) A plan for providing supervision of construction.

(c) Evidence that a contract has been executed for the procurement of an additional pole plant and that the pole plant is under construction and that the pole plant will be capable of supplying poles of adequate quality needed for construction of the Project in accordance with the construction schedule.

(d) Such other evidence or documents as A.I.D. may reasonably require.

SECTION 5.4. Notification. When A.I.D. has determined that the conditions precedent specified in Section 5.1 and 5.2, and 5.3 have been met, it will promptly notify the Borrower.

SECTION 5.5. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 5.1 have not been met within 60 days from the date of this

Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Borrower.

(b) If all of the conditions specified in Section 5.2 and 5.3 have not been met within 120 and 270 days respectively from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Loan, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Borrower. In the event of such termination, the Borrower will repay immediately the Principal then outstanding and any accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Parties hereunder will terminate.

ARTICLE VI

Special Covenants

SECTION 6.1. Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the

Project and at one or more points thereafter: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how much information may be used to help overcome such problems; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

ARTICLE VII

Procurement Source

SECTION 7.1. Foreign Exchange Costs. Disbursements pursuant to Section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services, ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Loan Standard Provisions Annex, Section C.1 (b) with respect to marine insurance.

SECTION 7.2. Local Currency Costs. Disbursements pursuant to Section 8.2 will be used exclusively to finance

the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Jordan ("Local Currency Costs").

ARTICLE VIII

Disbursements

SECTION 8.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in Borrower's behalf for the Project; or

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks,

satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letter of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Borrower in connection with Letters of Commitment and Letters of Credit will be financed under the Loan unless the Borrower instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Loan.

SECTION 8.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursement hereunder may be obtained by acquisition by A.I.D. with U.S. dollars by purchase or from local currency already owned by the U.S. Government. The U.S. dollar equivalent of the local currency made available hereunder will be the amount of U.S. dollars required by A.I.D. to obtain the local currency.

SECTION 8.3. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

SECTION 8.4. Rate of Exchange. If funds provided under the Loan are introduced into Jordan by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Borrower will make such arrangements as may be necessary so that such funds may be converted into currency of Jordan at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Jordan.

SECTION 8.5. Date of Disbursement. Disbursements by A.I.D. will be deemed to occur (a) on the date on which A.I.D. makes a disbursement to the Borrower or its designee,

or to a bank, contractor or supplier pursuant to a Letter of Commitment, contract, or purchase order; or (b) on the date on which A.I.D. disburses to the Borrower or its designee local currency acquired in accordance with Section 8.2. (b).

ARTICLE IX

Miscellaneous

SECTION 9.1. Investment Guaranty Project Approval. Construction work to be financed under this Agreement is agreed to be a project approved by Jordan pursuant to the Agreement between it and the United States of America on the subject of investment guaranties, and no further approval by Jordan will be required to permit the United States to issue investment guaranties under that Agreement covering a contractor's investment in that Project.

SECTION 9.2. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

To the Borrower:

Mail Address: National Planning Council
Amman, Jordan

Alternate address for telegrams: NPC, Amman, Jordan.

To A.I.D.:

Mail Address: USAID Mission
Amman, Jordan

Alternate address for telegrams: USAID/Amman

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

SECTION 9.3. Representatives. For all purposes relevant to this Agreement, the Borrower will be represented by the individual holding or acting in the office of President, National Planning Council and A.I.D. will be represented by the individual holding or acting in the office of Mission Director in Jordan, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the Borrower, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized

any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 9.4. Standard Provisions Annex. A "Project Loan Standard Provisions Annex" (Annex 2)[1] is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

By: [2]

TITLE: President, National Planning Council

THE UNITED STATES OF AMERICA

By: [3]

Title: Director, USAID/Jordan

[1] See footnote 1, p. 4.
[2] Hanna Odeh.
[3] Christopher H. Russell.

ANNEX I

Project Description

The objectives of the Project are to provide reliable electricity service to approximately 35 villages in the rural vicinity of Amman and two areas in suburban Amman, and also to reinforce the existing urban Amman system to meet the need for additional electrical service. Inputs to be financed mainly consist of imported equipment and materials used for substations and distribution systems in urban Amman. Financed inputs to project also include installation and erection services and such technical assistance as maybe required for studies and construction supervision needed for the implementation of the project.

To meet the objectives, the project will finance procurement of materials and services including but not limited to:

1) For Village Electrification:

   a) Overhead Electrical Lines and Conductors.

   b) Steel Lattice Poles.

   c) Transformers and Safety Devices.

2) For Reinforcement of Amman System:

   a) Remote Control Equipment.

   b) Transformers and Safety Devices.

3) Installation/Erection Services by Local or Code 941 Contractor.

4) Power System Erection and Maintenance Equipment including trucks, ditch digging equipment, derricks, winches and cable handling equipment.

5) US Engineering Services for Assistance in Power System Design, Construction, Installation, Materials Procurement.

6) Procurement of such U.S. and Code 941 Distribution and Control equipment as required to the objectives of the Project.

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